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FOR IMMEDIATE RELEASE

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On March 22, 1982, the City Manager's Office released an interim report entitled "Rent Stabilization Task Force Report." The main objectives of the report were to identify problems within the administration of the Rent Stabilization and Eviction For Good Cause Program, to recommend corrective action, and to determine the staffing level needed to accomplish the many activities required to carry out the law effectively.

According to City Manager, Daniel Boggan, Jr., the main conclusions he draws from the report are:

1. That the current number of staff is insufficient to carry out essential program functions;
2. That the high volume of registration information cannot be expeditiously handled by a manual, paper system and requires some form of automated system.
3. That an ongoing public information campaign is needed to educate tenants and landlords about the law;
4. That comprehensive enforcement program is required to increase rental unit registration rates;
5. That internal administrative practices need to be improved to more effectively manage the program.
6. That more funds need to be budgeted for the program to accomodate necessary functions and that registration fees will have to be increased to raise the necessary revenue.

Mr. Boggan also stated that the Task Force did not have the time to explore many important questions such as the impact of 1981-82 staff reductions on program performance and staff working conditions, or the impact on registration compliance of the City Council's April, 1981 moratorium on legal action against non-registered rental property owners.

The report was released in order to provide Rent Stabilization Board members with additional information for their 1982-83 budget considerations.

Mr. Boggan also stated that he will be reviewing all of the cost-implications of

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the report's recommendations over the next few weeks and will release, following discussion with the Board, his list of final recommendations by April 16, 1981.

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Attachment A: Rent Board's Proposed FY 1982-83 Budget

Attachment B: Task Force's Proposed FY 1982-83 Budget

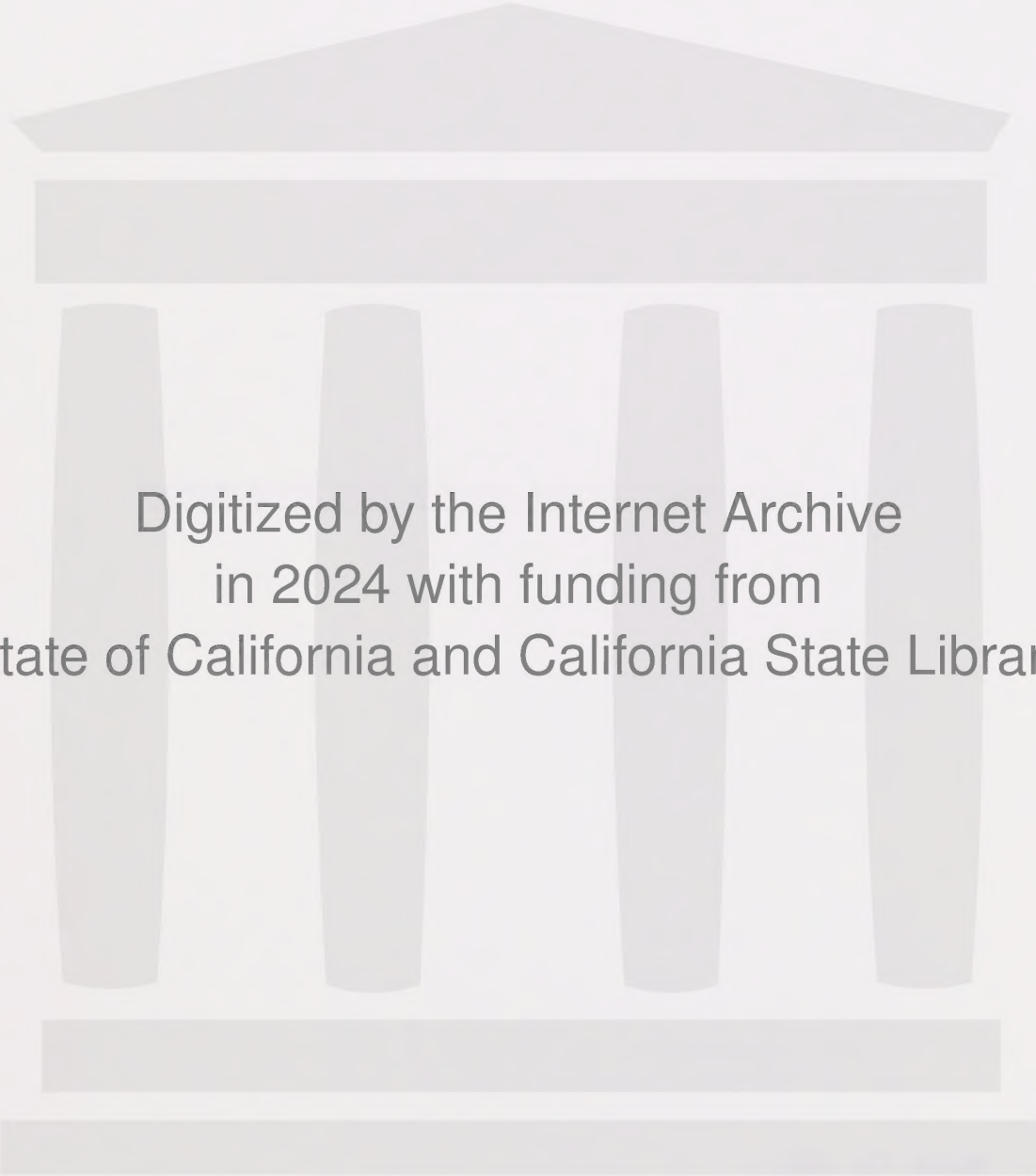
TASK FORCE SUBMITTAL





RENT STABILIZATION PROGRAM TASK FORCE REPORT

March 22, 1982



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RENT STABILIZATION TASK FORCE

THE CHARGE

On February 1, 1982, the City Manager formed a Task Force to identify those problems which have prevented effective administration of the Rent Stabilization Program, to determine the causes, and to make recommendations for corrective action.

INTRODUCTION

The Task Force interviewed forty-one (41) people: nine (9) Rent Board members, seven (7) staff members, three (3) Legal Department staff, two (2) members of the City Manager's staff, three (3) Finance Department staff, one (1) Hearing Examiner, two (2) past staff members, five (5) tenants, three (3) landlords, one (1) past Board member, two (2) outside attorneys and two (2) Personnel Department staff.

Task Force members also observed staff meetings, counter services to tenants and landlords, interdepartmental staff meetings, work sessions, one Rent Board meeting and one public hearing. In addition, Task Force members reviewed specific activity files and conducted a spot review of other files associated with the Rent Stabilization Program.

SUMMARY REPORT

The following is a summary report of the Task Force's investigation and has been divided into five areas for reporting purposes, plus appendices. The areas are: General Administration, Public Information, Hearings Unit, Inter-departmental Relations and Budget. Each section begins with a short background statement, followed by findings, conclusions and recommendations.



## I. ADMINISTRATION

### Introduction

The Administrative Division is responsible for the overall administration of the Rent Stabilization Program, including coordinating the regulation process, fee collection information procedures and the General Adjustment process. It is also responsible for regulation development, office and personnel management, program evaluation, staff support to the Rent Board and coordination with related departments (such as Legal and Finance). This section focuses on the causes of, and possible corrective measures for, problems in carrying out administrative functions.

### FINDINGS

#### A. Registration Process

An investigation of the registration process revealed the following:

1. There is no formal method within the registration process of identifying properties that are exempt;
2. A data base has not been compiled which identifies the universe of rental units covered by the law;
3. The current data base--the Refuse services file--does not provide an accurate account of covered units;
4. An unknown number of rental property units, covered by the law, have not been registered by the owners. This information is not available because the total number of covered rental units is also not known;
5. As of July, 1981 billing, the total number of units assumed to be covered was 24,676;
6. Exemption information, developed by the Rent Board since July, 1981 has lowered the estimated number of covered units to approximately 23,500;
7. Approximately 10,800 of the 23,500 units have not been registered as of February 28, 1982. It has not been determined how many of these units were erroneously declared delinquent or non-exempt;
8. Rent Board staff and Board members have estimated that between 25-50% of non-exempt (or covered) units have not been registered;
9. No formal study of the reasons for non-compliance has been conducted;
10. The following reasons for non-compliance have been given by tenants, landlords and government officials:
  - a. Disagreement with the law on the part of some landlords;
  - b. Public perception of staff bias and a lack of equitable rental adjustment procedures;
  - c. Public perception that registration will not be enforced so compliance is not necessary;
  - d. Public perception that punitive enforcement mechanisms are applied.

In addition, some Board members perceived that the requirement to indicate compliance with Measure I on the registration form discourages registration.



## B. Fee Collection and Enforcement

An investigation of the billing and collection operation found the following (Refer to the Interdepartmental Relations section for related findings):

1. A backlog of approximately 2000 exemption claims from owners, who were billed for their units in July, 1981 existed until the end of February.
2. Long delays (up to six months) are occurring before the accounts of property owners, who believe they were erroneously billed for fees and/or late charges, are checked for accuracy;
3. One Finance Department account/clerk has been assigned to handle rent registration accounts;
4. There is a large backlog of statements from account holders who believe they were incorrectly billed. Finance Department staff estimate that it will take until July to check the billing accuracy of all these accounts;
5. The transaction file for Rent Board accounts does not break down receivables into distinguishable categories; e.g., current vs. past year fees, penalty fees, interest. The current format makes budget performance tracking quite difficult because one cannot determine what amount or percentage of funds received (or outstanding) are penalties or fees, or from which fiscal year the charges apply;
6. Nearly \$1,000 in registration payments, dating back to March, 1981 have been left in Rent Board file cabinets. Two weeks after this situation had been brought to the attention of the Director, no action had been taken;
7. There is currently no post-billing follow-up on delinquent accounts. A penalty billing was sent in December, 1981 to those rental property owners showing delinquent accounts. Numerous complaints resulted from this billing because some of those billed were exempt or had already paid their registration fees. However, of over \$400,000 in penalty billings sent out, only approximately \$24,000 has been remitted as of March 5, 1982;
8. Legal collections actions are not being pursued;
9. Field Bill Collectors have not been used on delinquent accounts because the Director failed to confirm or authorize the request in writing;
10. Rent Board members and staff have suggested the following registration incentives and enforcement actions:
  - a. Court registration actions against delinquent account holders;
  - b. Council adoption of a fee penalty ordinance;
  - c. Board regulation disallowing general increases to landlords who have not registered;
  - d. Board regulation stipulating that registration fee "pass-along" to tenants available only to those rental property owners who register within one month of deadline.

## C. General Adjustment Process

1. The 1981-82 General Adjustment Process resulted in an allowable 9% rental rate increase;



2. The adjustment process was not based upon an "operating cost" survey as may be required in the ordinance. The Board did not authorize the expenditure of \$5,000 allocated to perform such as survey;
3. The legal challenge to the 1981-82 general adjustment is based, in part, on the lack of such a survey;
4. The court will determine the legality of the process and the formula utilized to set the 9% increase.

D. Regulation Development and Review

1. The Rent Board is, itself, currently drafting language for new regulations;
2. The Board has made a direct request of the City Attorney to review the language of new Rent Board regulations;
3. The City Attorney states that her department currently does not have enough staff to both review regulations and litigate defensive court actions. Defensive court action is a priority.

E. Record Keeping

1. Registration Record Keeping. A large quantity of registration information requires on-going filing and up-dating. The task is performed, mostly, under the supervision of the Community Services Specialist, by interns and Board members. The primary problems appear to be missing data, a persistent filing backlog, and information inappropriately stored in desk drawers;
2. General Record Keeping.
  - a. The Administrative Secretary has not been given the authority to expedite the processing of incoming information;
  - b. Incoming information that will become part of general subject files is often returned to the Administrative Secretary, by the Director, without processing instruction and then returned in this state to general holding file.
3. Consultant Contracts and Accounts Payable
  - a. The administrative accounting function of the Rent Board was assumed by the City Manager's Office in early 1982. The Rent Board is charged for accounting services.
  - b. Delays in the completion of processing contracts has led to late payments to outside hearing examiners.

F. Personnel Management

1. Individual job responsibilities have not been clearly delineated;
2. Clear lines of supervisory and operational authority have not been established; e.g., confusion exists regarding whether the Senior Hearing Examiner or the Administrative Secretary supervises the Intermediate Clerk/Typist;
3. Staff members have been remiss in carrying out standard office responsibilities; e.g., completing timecards on time, signing out, covering telephones and the public desk;

4. A significant number of staff have transferred out of the Program, or were terminated because of 1980-81 budget reductions.
5. A constructive process does not exist for resolving interpersonal conflict;
6. The Director has often not provided staff members with the authority required to complete delegated tasks.

G. Program Evaluation

There is currently no standard procedure for measuring the performance of major program functions.

H. Personnel Relations

1. Board members and staff have perceived a conflict between the Director and the Senior Hearing Examiner;
2. Previous and existing staff have come into conflict with the Director;
3. The Director's method of supervision includes confrontation. Reports from past and present staff indicate that the Director yells, and sometimes curses, at staff.

I. Staff/Board Relationship

1. Board members have volunteered, and have been used, in staff functions;
2. Board members have frequently given direction to, or asked assistance of, staff members without first speaking with the Program Director;
3. The Board has planned activities which affect staff work schedules and payment;
4. The Board's designation in the ordinance as a "working staff" has not been clarified as to areas of activity and authority.



## CONCLUSIONS AND RECOMMENDATIONS

### A. Registration Process

#### Conclusions

Accurate and timely registration information is essential to the effective operation of the program and is currently not available to the staff or the public. It is a major problem that affects all aspects of the Rent Board operation. Without an accurate data base, one that identifies the universe of rental properties covered by the law, the program will not be able to provide adequate protection for both tenants and landlords. The lack of a comprehensive list of covered rental units also limits the amount of revenue which can be generated by the program. The development of a reliable and comprehensive data base does not currently appear to be an administrative priority.

#### Recommendations:

The Task Force recommends that:

1. An interactive ADP system connecting the Rent Board and the Finance Department should be designed and installed which provides both departments with immediate access to registration information.
2. A clear Memorandum of Understanding between the Finance Department and the Rent Board should be developed regarding their respective responsibilities.
3. Regular meetings between the Director, Bill Collections Officer and ADP supervisor should be instituted to identify and resolve information flow problems; e.g., content and format of account files.
4. A more comprehensive list of rental properties should be developed.
5. The Rent Board should establish a regulation requiring all residential property owners who are exempt from the law to file an exemption claim.

### B. Fee Collection and Enforcement

#### Conclusions

Registration revenues are limited by the lack of applied collection mechanisms. A written, comprehensive strategy for billing fee collection and registration enforcement has not been developed. The lack of such a strategy reduces revenue potential and limits program operations.

#### Recommendations:

The Task Force recommends that:

1. A comprehensive billing, collection and registration enforcement strategy should be developed which includes the following elements:
  - (a) an accurate billing system data base;
  - (b) a series of warning notices for delinquent account holders;
  - (c) an internal collections system utilizing field collectors;

- (d) an option to use a private collection agency to pursue delinquent registration accounts;
  - (e) affirmative litigation;
  - (f) liens on the property of delinquent account holders.
2. Fee Collectors should be dispatched and legal collections action re-activated as soon as possible.
  3. Should the Council adopt the proposed non-payment penalty fee ordinance covering all City service fees, it should also be applied to rent registration fees.
  4. The Rent Board should consider adopting the following regulatory or procedural changes:
    - (a) registration fees should be separated out from the General Adjustment formula;
    - (b) landlords should be allowed to pass along registration fees to tenants, pro-rated by month and clearly distinguished as a line item in the rental payment receipt;
    - (c) tenants should be allowed to pay registration fees for their unit on behalf of an unregistered landlord and deduct the fee from the price of one month's rent. In such a case, the landlord would be precluded from passing the cost of the fee to the tenant. (The landlord would still be responsible for completing all registration forms before being able to take the year's General Adjustment rent increase.
  5. A public campaign, emphasizing the City's firm intent to enforce the law equitably should be initiated to encourage delinquent rental property owners to register their units.

#### C. General Adjustments

##### Conclusions

In order for the General Adjustment formula to receive legitimacy from the community of both landlords and tenants, it must be based upon a survey or other available data indicating increases or decreases in operating costs.

##### Recommendations:

The Task Force recommends that:

1. An independent consultant should be retained several months before the General Adjustment decision is required if a rental housing survey is indicated.

#### D. Regulation Development and Review

(Refer to the Interdepartmental Relations/ Legal Section for related conclusions and recommendations)

##### Conclusions

The current regulation development and review process lacks sufficient staff research and legal review capacity to accommodate the need for new and legally sound regulations. The task of drafting language for Rent Board regulations rests appropriately with the Legal Department and not with Board members. Additional staff are required to handle both regulation development and review.

Recommendations:

The Task Force recommends that:

1. An additional attorney be hired to handle regulation review;
2. An administrative analyst be hired to handle regulation development (along with other administrative duties).

E.-I. General Administration

Conclusions

The effectiveness of general administration is adversely affected by the following:

- (a) high staff turnover;
- (b) lack of measureable program objectives;
- (c) conflicts between staff members concerning the interpretation of the Ordinance;
- (d) conflict between Board members and the Director when the Board has acted as an administrative rather than policy making body;
- (e) no clear designation of line and operational authority between professional and clerical staff;
- (f) arbitrary shifting of assignments from one staff member to another which mitigates against completion of assignments and fosters poor staff relations;
- (g) lack of adequate staff supervision;
- (h) insufficient coordination between departments (e.g., Finance, Legal);
- (i) mismanagement of limited staff resources.

While there is good reason to believe that some functions are understaffed, there is insufficient documentation in the 1982-83 budget proposal to justify the preliminary Board request of an employee increase from 7.75 (current) to 20 FTE. (Refer to section on Budget for related information.)

The Director does not exhibit the administrative skill required to implement and manage the activities of the program.

Recommendations :

The Task Force recommends that:

1. The City Manager should appoint a capable and experienced administrator to implement and manage the program.
2. The use of Board members in staff roles and functions should be discontinued.
3. Specific duties, and expected levels of activity, should be outlined for each job assignment.
4. A process should be developed in which the Rent Board Director, the City Attorney, the Chief of Collections, and the ADP Supervisor meet regularly to identify problems and facilitate timely resolution to those problems.



## II. PUBLIC INFORMATION

### Introduction

The public information responsibility rests primarily with the Community Services Specialist, who provides a wide range of information, counseling services and outreach to the public.

### FINDINGS

#### A. Information

The Task Force finds that:

1. Few public information materials have been developed.
2. Telephone tape recording message which provides information to the public only refers the public to tenant oriented referral service agencies.
3. The Task Force observed Counseling Unit staff shouting, interrupting and talking simultaneously and prematurely responding to clients before first determining their needs. Observations tended to show that both landlords and tenants are treated in the same manner.
4. Physical arrangement of desks occupied by staff in the public information component are facing away from the public information center.
5. Only one person is authorized to work the information counter. Other staff has been instructed not to work at the information counter.
6. A manual system is used to retrieve registration information.

#### B. Counseling Services

The Task Force finds that:

1. It was observed at the public counter of the Rent Board and reported at a Public Hearing that the Community Services Unit had provided legal advice.
2. During the Public Hearing on Evictions, tenants testified that following the advise of the Community Services Unit resulted in their being evicted.
3. The Rent Board discontinued providing individual counseling and now provides group counseling in a workshop format.
4. The group workshop approach currently used provides information to tenants and landlords, some of whom have unique counseling needs.
5. It was indicated by Board members and staff that information provided tenants regarding a landlord's registration status is frequently inaccurate.
6. The Task Force observed the counseling staff referring a citizen to newspaper reporters (e.g., the Daily Californian) to air their concerns regarding a landlord/tenant dispute.

## Conclusions

1. As a consequence of there being few written brochures or other information material developed, staff spends a considerable amount of time answering basic questions about the law.
2. The workshop approach to providing general information about Measure D is inadequate because many of the participants need individual counseling.
3. The current practice of making referrals to tenant organizations tend to validate the perception that the Rent Board staff is pro-tenant.
4. The current practice of providing legal advice to the public may expose the City to liability.
5. Inaccurate information provided to the public regarding a landlord's registration status has caused complaints and legal difficulties between tenants and landlords.
6. The manual system of retrieving information is inefficient, particularly given the volume of information and the frequency of having to search the files.
7. The physical layout and location of staff are inadequate for public counter service and intra-departmental communication.
8. The practice of having only one staff member authorized to assist the public is inefficient and does not project the best public image, particularly when other staff are visibly available to greet or offer assistance to the citizens.

## Recommendations

The Task Force recommends that:

1. A comprehensive public information campaign be initiated to educate tenants and landlords about the law.
2. An examination of the appropriateness and feasibility of program staff providing legal advice to the public.
3. Standard protocol for responding to citizens' inquiries, answering telephones and dispensing information to the public be developed which is based on the premise of courtesy, fairness and accuracy.
4. An automated information retrieval system be designed and implemented.
5. The physical layout and location of staff should be changed to better facilitate inter-departmental relations and services to the public.

### III. HEARINGS UNIT

#### Introduction

The responsibilities of this unit are to: hold hearings on individual rent adjustments, rent withholding, illegal rent increases, illegal evictions, set up and maintain hearing and appeal files, assign hearing examiners to pre-hearing conferences and hearings, accept or reject pre-hearing agreements between parties, review and accept determinations submitted by hearing examiners and train hearing examiners.

#### FINDINGS

Based on an investigation, the Rent Board Task Force finds that:

1. Measure D, Chapter 12, Individual Rent Adjustment ceilings has no provision for pre-hearing agreements, there is also no prohibition. However, pre-hearing conferences and agreements are provided for in the Board regulations governing the Hearing Process (see regulation of the Berkeley Rent Stabilization Board, Subchapter B, Section 1232 (a)(b)(c).
2. The Hearings Unit and the Rent Board Legal Unit disagree as to the applicability of Hearing guidelines as stated in Measure D, Section 12 5, (8) to the pre-hearing process according to Board Regulation Section 1232. The same differences in interpretations or regulation vs. Measure D applies to the issues of: 1) who can appeal a pre-hearing agreement between the parties? 2) who is the aggrieved party? 3) who has the authority to accept or reject a pre-hearing agreement between the parties in addition to the Senior Hearing Examiner? 4) if a pre-hearing agreement is rejected, what is the proper next step - a hearing or an appeal to the Board Appeals Panel?
3. The Associate Attorney, under the aegis of the Director, initiated appeals of most pre-hearing agreements. Some Board members agree that staff could properly appeal the agreements while other Board members disagreed.
4. Some pre-hearing agreements and determinations contained typographical and mathematical errors.
5. An informal process was established between the Senior Hearing Examiner and staff attorney to review agreements and determinations before publication to the parties.
6. The informal review process did not identify typographical and mathematical errors as planned because of a directive from the Program Director for the staff attorney to screen and evaluate pre-hearing agreements authorized by the Hearing Examiner (for regulation interpretation only).
7. The Program Director instructed the staff attorney not to work with the Senior Hearing Examiner unless specifically directed to do so by the Director.
8. The Senior Hearing Examiner was not informed of an internal review of the Hearing Unit or the decision to appeal pre-hearing agreements prior to the agenda date scheduled for Board review. The internal review, according to the Director, was an evaluation of the Unit and focused on the differences in legal interpretations of the Ordinance and Board regulations. The reviewers were not impartial parties. The secretary on the review team was not qualified to review legal issues.



9. The Board, in order to put a stop to staff conflict over who could initiate appeals of pre-hearing agreements, directed that staff initiated appeals would no longer be reviewed by the Board.
10. The staff identified as a problem the number of petitions for Individual Rent Adjustment Ceilings which had not been brought to closure within the 120 day limit. Many such cases had not been transmitted to the Hearings Unit for several weeks after the Board had remanded the case. In other instances, the Board had not reached a decision within the allotted time.
11. Of the thirty-two (32) Hearing Examiners placed under contract, few, if any have had previous experience as mediators, arbitrators or hearing officers and know little about real estate financing, amortization, improvements and related fields.
12. Staff has given each examiner 5 hours of training in the Ordinance, hearing process and the contents of a determination.
13. Of the thirty-two hearing examiners, eight have been used for hearings. Twelve (12) persons who were subject to some aspect of the Task Force investigation (both tenants and landlords) viewed most of the eight examiners as being pro-tenant. Their conclusion was based on their knowledge of the hearing examiners prior employment experience, associations or stated views.
14. Hearing examiners as a total group are viewed as pro-tenant based on the reasons given in number 13, although the background of all hearing examiners was not known by the participants.
15. Technically, exactly which examiners can hold hearings is unclear since few, if any, have filed a Conflict of Interest statement.

### Conclusions

1. Different staff members have different legal interpretations of Measure D and its applicability to the pre-hearing process.
2. Rent Stabilization Board Regulations may be in conflict with certain provisions of Measure D.
3. The informal check and balance system was rendered ineffective and inoperative once the staff attorney began evaluating the pre-hearing agreements without the Senior Hearing Examiner's knowledge.
4. The number of hearing examiners under contract is excessive and also unrealistic when few, if any, arrive with any training or experience in the mediation/arbitration/hearing process, and therefore, must be trained in the basic process, as well as the Ordinance and Board regulations.
5. Unbiased, outside hearing examiners are critical not only to the Hearings Unit, but to the entire program and how it is viewed by others.
6. Most, or all, of the hearing examiners under contract will not be eligible to hold hearings unless a Conflict of Interest statement is filed.

The Task Force recommends that:

1. That the City Attorney review the Rent Stabilization Board regulations to determine if the regulations are compatible with Measure D.
2. That the City Manager direct the City Attorney to review and issue an opinion determining the applicability of Measure D to the pre-hearing process, pre-hearing agreements, and the appeals of such agreements.
3. That procedures for Board remanded cases be reviewed and corrective action taken to promptly transmit such cases to the Hearings Unit for processing and closure within the 120 day limit.
4. That a formal staff review process be developed to administratively review determinations and correct typographical and mathematical errors before publication to the affected parties.
5. All determinations should be transmitted to the Legal Department for corrections of form and legal review.
6. That the requirements for consideration as a hearing examiner be expanded to include:
  - a. Must have received 40 hours of formal training in mediation/arbitration/hearings (training will not be provided by the City); or
  - b. Must have demonstrated prior successful performance in conducting mediations or hearings similar to those of the Program.
  - c. May not now be or have been within the last year an employee, volunteer or an officer in an organization which is viewed by significant numbers of landlords and tenants as having taken advocacy positions in landlord-tenant matters.

#### IV. INTERDEPARTMENTAL RELATIONS

##### Introduction

The Rent Stabilization Board, according to Measure D, must collect rent registration fees to generate revenue, enforce the Ordinance through legal avenues and hire personnel to carry out its duties and programs. Many of these objectives and functions are carried out in conjunction with other City departments such as Legal, Finance, Housing, Personnel and Public Works.

This section focuses on the Rent Stabilization Board's relationships with two departments; Legal and Finance. The Task Force chose these two departments because these services are required on a continuous basis as support to the Rent Program.

The Task Force looked at the interface between the Rent Board Program and each department and the support each department provides the Program.

##### A. Rent Stabilization Board-Finance Department

Since July, 1981, the Finance Department has been assigned the responsibility for billing and collections for the Rent Stabilization Board. The activities were carried out under the general directives of a Project Request initiated by the Rent Board staff. The Task Force investigation focused on identifying problems, their causes and possible corrective action.

Refer to the Administrative sections on Registration and Fee Collection for related findings.

##### FINDINGS

The Task Force finds that:

1. During the life of the Task Force, the Rent Board Director and Finance Department staff met to review the existing data base, propose corrective action and discuss the duties and responsibilities of each department to be included in a proposed Memorandum of Understanding/Project Request. The Director of the Rent Board agreed to develop a revised Project Request and Memorandum of Understanding;
2. The original Project Request did not instruct a property status transaction file, accounts receivable data, or follow-up billings and field collections on delinquent accounts;
3. Updated information on registrations, interest charges, exemptions and delinquent properties were not transmitted to the Finance Department;
4. Worksheets transmitted to the Finance Department did not identify the reason for zeroed accounts - such as registration paid, exempt properties, etc.;
5. One thousand new accounts were processed without programming or billing instructions and were not identified as new accounts;
6. The Sanitation Department listing of properties was used to identify residential rental units. However, the list is not current and omits many units.
7. The County tax roll provides a current and complete listing of residential properties. However, the listing is not available until mid-July. The Program's registration bills are mailed to landlords in early July as well.



## Conclusions

1. New Rent Board information transmitted to Finance for programming is frequently in an unusable form;
2. A Memorandum of Understanding between the Finance Department and the Rent Board is needed to identify the responsibilities of each department;
3. The Director of the Rent Program did not sufficiently identify the input-output data needed to design an adequate data bank as required by AR 1.40A, §V (A)(B)(C)(D).
4. A current and complete listing of residential rental property is needed for the Rent Board to identify rental properties and owners.
5. In order for the County property tax rolls to be useful in the Rent Program registration process, the bill payment deadline would have to be advanced to October 1.

## Recommendations:

The Task Force recommends that:

1. A new Project Request be developed instructing that a transaction file be established for each account, identifying exempt properties by parcel and unit and setting up accounts receivable;
2. Updated information on properties and program changes be transmitted to the Finance Department in a manner that is useable for Data Processing and that file updating take place on a continuing basis;
3. An ordinance change be initiated to adjust the regulation deadline to October 1st so that the Rent Board might have access to the current County property tax roll to develop a more accurate billing list.

## B. Rent Stabilization Board-Legal Department

### Introduction

During the 1980-81 FY, the Rent Board Program had a legal staff of seven (7) attorneys who developed regulations and procedures, reviewed hearing determinations and delegated cases on behalf of the Rent Board. In Fiscal Year 1981-82 one associate attorney at .50 FTE has been assigned to the Rent Board Legal Unit with responsibilities for special assignments, providing legal interpretations of rent laws to staff and Boardmembers, legal research, review of determinations and pre-settlement agreements.

Since September, 1981, all legal services provided to the Rent Board Program have been assigned to the City's Legal Department.

### FINDINGS

The Task Force finds that:

1. The associate attorney assigned to the Rent Board Legal Unit does not work closely with the Legal Department on Rent Board assignments and believes that the Legal Department does not properly take advantage of her knowledge of the "state of the art" of landlord-tenant rent control laws and experience as a private attorney in defending rent control laws.
2. One (1) attorney (.50 FTE) has been assigned to Rent Board work. However, in reality, three (3) attorneys (for a total of .90 FTE) work on Rent Board assignments.

3. Case files sent to the Legal Department by the Rent Board are not ready for attorney review, lacking much of the needed information. Therefore, much of the legal staff time is spent in reconstructing Rent Board files, compiling original data, obtaining documentation and recalling information directly from the Board.
4. Rent Board responses to requests for litigation information are untimely and in some cases are processed after litigation information is prepared for the plaintiff. Frequently, no response is received.
5. The Legal Department has received sixty-nine (69) cases that were filed for litigation:
  - a. Nine (9) cases are currently in active litigation, five (5) of which have been assigned to in-house staff. The remaining four (4) cases have been assigned to outside counsel.
  - b. Sixty (60) cases relate to fees and registration. The Legal Department has been unable to pursue these cases due to a lack of available staff time.
6. A review of Board regulations will not begin until April. The review will be limited to the latest Board developed regulations.
7. Due to a lack of available staff time, the following legal work has not taken place:
  - a. Enforcement action
  - b. Services to the administrative process
  - c. Review of individual hearing determinations (pre-hearing agreements are excluded)
  - d. Drafting of Board regulations
    - General review of existing Board regulations
8. The personnel needed to minimally service the Rent Board Program are

3.0 FTE:<sup>1</sup>

Clerical	1.0 FTE	
Legal	.5 FTE	Individual litigation
	.5 FTE	Regulation development Administrative procedures
	.5 FTE	Ordinance defense
	.25 FTE	Enforcement
	.25	Administrative process, services to Hearings Unit and Board
<hr/>		
	3.00 FTE	TOTAL

1. This assumes that all files will be ready for legal review when transmitted to the Legal Department.

### Conclusions

1. Much of the legal staff's time is spent doing work which should have been completed before the case file was transmitted to the Legal Department.
2. The Legal Department and the Rent Board legal staff do not work closely on litigation cases. The Rent Board staff's behavior can be described as unresponsive and uncooperative and shows poor judgment in setting priorities.
3. The present ratio of case/work load to assigned legal staff will not accommodate the servicing needs of the Rent Board Program.
4. The current Legal Department staff assigned to Rent Board work is inadequate.

### Recommendations:

The Task Force recommends that:

1. All legal work remain assigned to the Legal Department
2. The staff legal unit be removed from the Rent Board Program with all personnel to work under the direct supervision of the City Attorney.
3. The Legal Department staff be increased to 3.00 FTE (2.00 FTE legal and 1.00 FTE clerical) and that said increase be phased in based on work load.
4. The Rent Board budget allocation for legal staff be transferred to the Legal Department budget.
5. The Legal Department and the Director of the Rent Stabilization Program jointly develop a Memorandum of Understanding regarding the responsibilities of each department.



## V. BUDGET

### Introduction

The Task Force investigation into the program budget focussed on 1) 1981-82 revenues and expenditures; and 2) the Rent Board's 1982-83 preliminary proposed budget.

### FINDINGS

#### A. 1981-82 Budget

The Task Force finds that:

1. The 1981-82 adopted budget is \$450,600; \$87,000 for loan repayment and \$363,600 for operating costs;
2. As of February 28, 1982, the Rent Stabilization Program has received approximately \$275,000 in revenues, including approximately \$10,000 in miscellaneous fees;
3. Approximate expenditures as of February 28, 1982 were \$217,000;
4. Revenues for the remainder of the fiscal year will probably not exceed \$10,000;
5. The revenue short-fall relative to required expenditures for FY 1981-82, of \$420,000 (projected) will range between \$135,000 and \$145,000. (The 1981-82 budget included an \$87,000 General Fund Repayment);
6. A revised budget accounting for projected short-falls has not yet been submitted for approval.

### Conclusions

The Rent Stabilization Program will require more revenue than those provided by 1981-82 receipts to operate the Program through June 30, 1982.

### Recommendations

The Task Force recommends that:

1. The City Manager consider the following options for meeting the revenue needs of the Program for the balance of FY 1981-82:
  - a. interfund loan;
  - b. accelerate payment of outstanding fees through the use of bill collectors;
  - c. reduce services (and corresponding costs) by 50%.
2. The interfund loan of \$87,000 to be paid in FY 1981-82 to be extended to FY 1982-83.

B. 1982-83 Budget

The Task Force finds that:

1. The Director has submitted, and the Board approved, pending consideration of the Task Force report, a fiscal 1982-83 operating budget of \$788,513, up from the prior year's operating budget of approximately \$363,000, including a staff increase from 7.75 FTE to 20 FTE. All major functions--hearings, public service, legal and administration--receive staff increases;
2. The budget reflects the Director's estimation of what is needed to accomplish essential program functions. The scope and levels of service to be provided by the additional staff are not elaborated upon in the budget proposal submitted to the City Manager. (See Attachment A)
3. By law, the Program cannot be supported by the General Fund. In effect, registration fees, penalties and miscellaneous filing charges must cover the cost of the operation. (When considering what staffing pattern and level is needed to effectively administer the program, we need to be aware of this fiscal constraint.);
4. The \$788,000 budget proposed is not based on a projection of revenues for 1982-83, nor does it contain a line item for debt repayment;
5. Performance measures listed in the 1982-83 proposed budget do not reflect activity in many program areas. (e.g., ratio of units covered by the law to those actually registered.).

Conclusions

1. Assuming a continuation of the FY 1981-82 registration compliance rate in FY 1982-83, the program will be unable to generate \$788,000 in revenues plus honor its debt repayments to the General Fund without raising registration fees to the \$45-\$55 range;
2. Based upon the Task Force review of current program activity and unmet demand, the following staffing pattern, coupled with improved management will adequately cover program functions for FY 1982-83: (See Attachment B)

Administration Unit

- 1.0 Director
- 2.0 Administrative Analysts
- 1.0 Administrative Secretary
- 1.0 Intermediate Stenographer/Clerk

Hearings Unit

- 1.0 Senior Hearing Examiner
- 1.0 Paralegal or Administrative Analyst
- 1.0 Intermediate Stenographer/Clerk

Public Education and Information

- 1.0 Public Information Specialist
- 1.0 Counselor
- 1.0 Intermediate Typist/Clerk

11.0 TOTAL DIRECT STAFF

An Administrative Analyst will be responsible for supervising the Public Education and Information component.

3. <u>The corresponding cost of this staffing level is:</u>	\$265,005 82,152	Salaries (See Appendix 2) Fringes
<u>Other Personnel Costs - City Attorney, Finance, hearing examiners, Board member stipends, etc.</u>	181,970	
<u>Non Personnel Costs</u>	53,875	
<u>Loan Repayment</u>	87,000 58,000	(from FY 1980-81) (from FY 1981-82)
<u>TOTAL BUDGET</u>		\$728,002

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FY 1982-83 BUDGET SUMMARY

Operating Costs	\$583,002
Loan Repayment	<u>145,000</u>
	\$728,002

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4. A projection of FY 1982-83 revenues should be based on FY 1981-82 revenues and registration compliance rates.
5. A registration fee of \$32.00 will be necessary to support the above program costs.

Recommendations

The Task Force recommends that:

1. The City Manager consider adopting the budget proposal outlined in the conclusions of this section.
2. The City Manager recommend, and the Rent Stabilization Board adopt, a registration fee for FY 1982-83 of \$32.00



TASK FORCE RECOMMENDATIONS  
PERSONNEL REQUEST - BY ACTIVITY

DEPARTMENT Rent Stabilization ( )

FISCAL YEAR 82-83

DIV. _____ ( ) ACT. _____ ( )	CURRENT FISCAL YEAR (FY 1981-82)					BUDGET YEAR (FY 1982-83)					VARIANCE			
POSITION TITLE	NO PERS	SALARIES	OVERTIME	OTHER*	TOTAL	NO PERS	SALARIES	OVERTIME	OTHER*	TOTAL	NO PERS	SALARIES	ALL OTHER PAYMENTS	TOTAL
Director	1	42,836			42,836	1	48,471			48,471	0	5,635		5,635
Administrative Analyst	0	0			0	2	40,844			40,844	2	40,844		40,844
Administrative Secretary	1	19,324			19,324	1	21,596			21,596	0	2,272		2,272
Intermediate Stenographer /Clerk	1	16,295			16,295	2	35,213			35,213	1	18,918		18,918
Intermediate Typist	1	16,295			16,295	1	17,606			17,606	0	1,312		1,312
Intermediate Accounting Clerk	0	0			0	0	0			0	0	0		0
Counselor	0	0			0	1	21,774			21,774	1	21,774		21,774
Public Information Specialists	1	20,869			20,869	1	23,532			23,532	1	2,663		2,663
Associate Attorney	1	29,077			29,077	0	0			0	-1	-29,077		-29,077
Assistant Attorney	0	0			0	0	0			0	0	0		0
Legal Secretary	.50	8,666			8,666	0	0			0	.50	-8,666		-8,666
Senior Hearings Examiner	1	32,999			32,999	1	35,969			35,969	0	2,970		2,970
Assistant Hearing Examiner	0	0			0	0	0			0	0	0		0
Paralegal or Admin. Analyst	.25	0			0	1	20,000			20,000	1	20,000		20,000
TOTAL	7.75	186,361			186,361	11	265,005			265,005	3.25	0		78,694



CITY MANAGER'S OFFICEDEPARTMENT: Planning & Community Development ( ) **BUDGET HIGHLIGHTS**FISCAL YEAR: 1982-83ACTIVITY: Rent Stabilization Program ( )CITY ATTORNEY'S OFFICE

1.0 Associate Attorney  
1.0 Assistant Attorney  
1.0 Legal Secretary

ADMINISTRATIVE UNIT

1.0 Director  
1.0 Administrative Analyst  
1.0 Administrative Analyst  
1.0 Administrative Secretary  
1.0 Intermediate Stenographer/Clerk

FINANCE DEPARTMENT

1.5 Intermediate  
Account/Clerk

Public Education and Information

1.0 Public Information Specialist  
1.0 Counselor  
1.0 Intermediate Typist/Clerk

Hearings Units

1.0 Senior Hearing Examiner  
1.0 Paralegal or Admin. Analyst  
1.0 Intermediate Stenographer





## RENT BOARD RECOMMENDATION

DEPARTMENT: CITY MANAGER ( ) **BUDGET HIGHLIGHTS**

ACTIVITY: RENT STABILIZATION BOARD ( )

FISCAL YEAR: 82-83

<u>PERFORMANCE MEASURES</u>	<u>PLANNED 1982-83</u>	<u>ACTUAL Y.T.D</u>
1. Initial billing to owners.	July 82	
2. One penalty billing.	Dec 82	
3. Counseling workshops.	4/month	
4. Articles in general circulation and special interest publications	4/month	
5. Radio/television coverage, public service announcement.	2/month	
6. Individual Landlord - Tenant counseling.	400/month	
7. Board and committee meetings on general adjustments.	10 mtgs. 1982	
8. New regulations promulgated.	50	
9. Evaluation of new exemption system	Feb 83	
10. Transfer of property file data to computer.	July 83	
11. Individual adjustment hearings.	4/month	
12. Tenant rent withholding hearings (for rent ceiling violations and non-registration)	4/month	





RENT BOARD RECOMMENDATION

DEPARTMENT: CITY MANAGER ( ) **BUDGET HIGHLIGHTS**

FISCAL YEAR: 82-83

ACTIVITY: RENT STABILIZATION BOARD ( )

Purpose/Goal

To regulate rents of residential units covered by Ordinance, to insure evictions occur only as legally permitted.

Description

The Rent Stabilization Board registers all covered rental properties; it regulates rent increases through annual adjustment order and through individual adjustments by a petition and hearing process; in conjunction with staff it develops approximate regulations.

Objectives

1. To register 24,000 residential rental units.
2. To inform landlords and tenants of their rights and responsibilities under Ordinance 5614.
3. To promulgate and refine necessary regulations.
4. To provide an equitable general adjustment.
5. To provide individual adjustments through mediation and hearings.



## PERSONNEL REQUEST - BY ACTIVITY

FISCAL YEAR 1982/83[illegible]

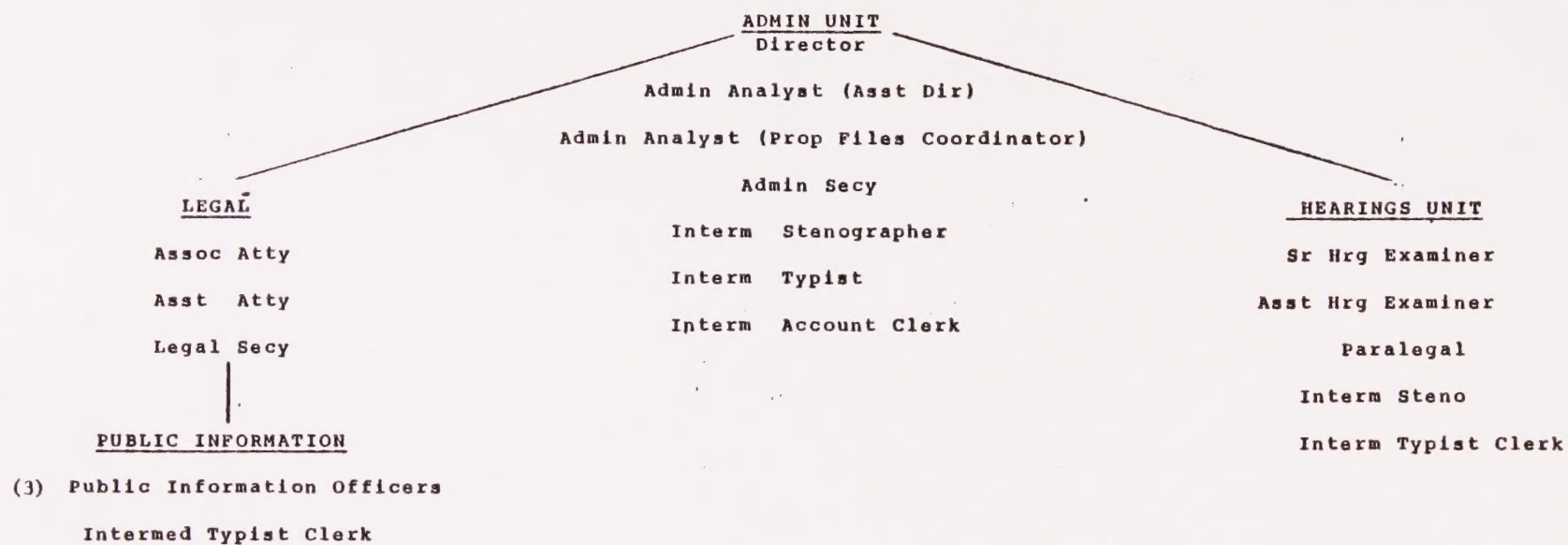




## RENT BOARD RECOMMENDATIONS

DEPARTMENT: CITY MANAGER ( ) **BUDGET HIGHLIGHTS**FISCAL YEAR: 82-83ACTIVITY: RENT STABILIZATION BOARD ( )

## ORGANIZATION CHART



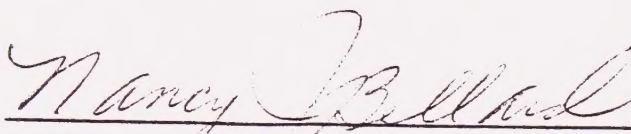





TASK FORCE SUBMITTAL

The Task Force respectfully submits this report to the City Manager, March 22, 1982.

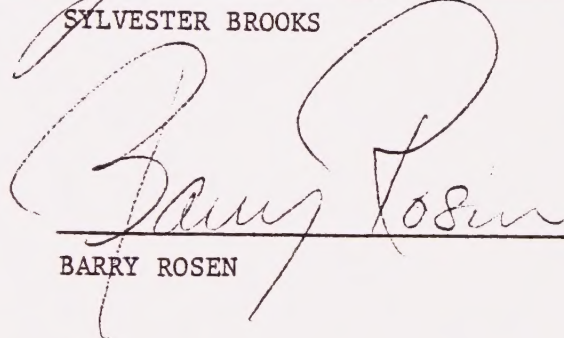
Task Force Members:

  
\_\_\_\_\_  
NANCY BELLARD

3/22/82  
Date

  
\_\_\_\_\_  
SYLVESTER BROOKS

3/22/82  
Date

  
\_\_\_\_\_  
BARRY ROSEN

3/22/82  
Date



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